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# **2006 Fee Schedule Amounts for Power Mobility Device Codes Have Been Refined**

**As of November 2006**

## **Issue Summary**

The Centers for Medicare & Medicaid Services (CMS) is making refinements to the new power mobility device (PMD) fee schedule issued on October 2, 2006. These changes are designed to improve the accuracy of Medicare pricing, support high quality and service, provide value for Medicare and its beneficiaries, and insure that Medicare beneficiaries who need mobility assistance receive the modern medical care they need.

## **Background**

- Over the last three years, CMS has been working on a number of important initiatives related to the prescription, coding and coverage of PMDs.
- CMS has made substantial progress in implementing this strategy including the more effective oversight and rational coverage policies to ensure beneficiaries receive the right mobility technology to meet their needs.
- This effort was initiated in response to numerous instances of fraud and abuse, and significant growth in expenditures for these items under the Medicare program.
- CMS has developed a comprehensive strategy to address timely and appropriate coding, payment, and coverage of PMDs.
- Key elements in this process have been:
  - a National Coverage Decision for mobility assistive equipment that more closely ties the Medicare coverage for a PMD to a beneficiary's medical condition and ability to function in the home;
  - final regulations that establish the requirement that the treating practitioner conduct a face-to-face examination of the beneficiary and provide a written prescription for a PMD;
  - quality standards for durable medical equipment (DME) suppliers that will be applied by independent accreditation organizations;
  - local coverage determinations issued by CMS' contractors that ensure that beneficiaries will receive the right technology to meet their mobility needs.
  - Undocumented test results and incomplete applications submitted without the proper attachments and attestation are now excluded.



## Background (continued)

- CMS worked closely with the Congress, GAO, and OIG to develop this strategy for reform.
- Revising the price structure for PMDs (i.e., separate codes and fees for different levels of standard and special purpose PMDs) is the final part of CMS' strategy for reforming the power mobility benefit.
- New billing codes describing the range of mobility technology currently on the market were released, after thorough industry review and input, in June of 2006. These new codes are tied to industry standards of performance and durability, are designed to support accurate payment and coverage decisions, and replace out-of-date codes that do not adequately describe current technology.
- Fee schedule amounts for the new codes were originally issued on October 2, 2006. The October 2 fee schedule was preceded by a posting in early August of MSRP information. CMS shared its data and calculations for the new fees with manufacturers and suppliers. After receiving comments and feedback, CMS performed a comprehensive review of the data and decided to make several refinements to the calculations.

## Refinements to the New Fee Schedule

- CMS is using the best available data for computing the revised fees. CMS is now using the August 23, 2006 product classification list and pricing database generated by the SADMERC. The August 23rd classification list is the most current database that reflects the full and complete manufacturer applications, test results, and attestation, consistent with CMS' published requirements, and has undergone a thorough review by CMS and the SADMERC. Our comprehensive review found that later versions of the database do not meet these requirements, and so are less reliable and may reflect faulty data and attempts to manipulate prices. Examples of key data improvements include
  - Certain PMDs with questionable test-results that are produced off-shore are now eliminated from the calculations.
  - CMS has ensured that data submissions by manufacturers related to PMDs (and MSRPs) that are merely under development and not yet being produced are not included in the pricing database. Some manufacturers submitted data regarding chairs that have not yet been produced and distributed, but are merely design concepts for chairs potentially under development. Some believe these chairs are slated for production off-shore. Since the product was not available, testing and application results are not verifiable, and therefore, these products have been eliminated from the list.



## Refinements to the New Fee Schedule (continued)

- The new coding set “bundled” certain basic equipment requirements into the codes based on the clinical needs of beneficiaries. Some manufacturers did not include all elements of the basic equipment package as bundled features in the MSRP submitted for the code. As part of its detailed review, CMS corrected manufacturer’s suggested retail price (MSRP) data by adding the value of these items to ensure that prices for certain basic equipment (e.g., seat belts, adjustable, foot plates, solid-fill tires) that were supposed to be included in the data submissions are now reflected in the fees.
- In calculating the new fees, CMS revised the formula to more accurately reflect the year of submission of the MSRP data. As part of the gap filling formula and calculation, we deflate the current MSRP back to price levels in the base year of the fee schedule (1986). By more accurately reflecting earlier MSRP starting dates, the number of years of deflation in the gap-filling process was decreased, resulting in an upward effect on the final fees. (Please note that CMS later applies the appropriate inflation updates to the base year amount.)
- CMS also ensured that anomalies in pricing that resulted from a lack of data for certain codes were corrected using data for comparable products. For example, CMS ensured that heavy weight PMDs were not priced lower than standard weight PMDs.
- CMS also withdrew fees for group 4 (high activity) and group 5 (pediatric) PMDs from the fee schedule since these are items that would rarely, if ever, be covered by Medicare.

## Results of CMS Refinements

- The changes to the fee schedule will improve the accuracy of Medicare payments for mobility technology.
- Prices for complex rehabilitation (Group 3) PMDs used by the severely disabled will increase significantly compared to the fees released in October. They will now be at a level consistent with fees based on manufacturer suggested retail prices for products verified to be group 3 products based on complete code verification requests as of August 23, 2006.
- The fee for the most commonly provided standard geriatric mobility (Group 2, standard weight captain’s chair) PMD increased by \$301 compared to the fees announced in October.



## Fee Schedule Amounts to be Effective November 15, 2006

The following fee schedule ceiling amounts will be used in paying claims for power wheelchairs for areas within the continental United States:

HCPCS	Rental *	Purchase
K0813	\$222.83	\$2,228.30
K0814	\$280.76	\$2,807.60
K0815	\$344.91	\$3,449.10
K0816	\$329.21	\$3,292.10
K0820	\$250.96	\$2,509.60
K0821	\$315.76	\$3,157.60
K0822	\$391.30	\$3,913.00
K0823	\$394.85	\$3,948.50
K0824	\$475.90	\$4,759.00
K0825	\$395.20	\$3,952.00
K0826	\$618.57	\$6,185.70
K0827	\$472.57	\$4,725.70
K0828	\$682.44	\$6,824.40
K0829	\$562.38	\$5,623.80
K0830	\$442.59	\$4,425.90
K0831	\$442.59	\$4,425.90
K0835	\$404.98	\$4,049.80
K0836	\$412.40	\$4,124.00
K0837	\$475.90	\$4,759.00
K0838	\$429.46	\$4,294.60
K0839	\$618.57	\$6,185.70
K0840	\$835.06	\$8,350.60
K0841	\$455.15	\$4,551.50
K0842	\$455.15	\$4,551.50
K0843	\$508.82	\$5,088.20
K0848	\$517.31	\$5,173.10
K0849	\$497.21	\$4,972.10
K0850	\$574.21	\$5,742.10
K0851	\$551.92	\$5,519.20
K0852	\$697.10	\$6,971.00
K0853	\$716.40	\$7,164.00
K0854	\$911.56	\$9,115.60
K0855	\$852.53	\$8,525.30
K0856	\$556.13	\$5,561.30
K0857	\$518.64	\$5,186.40
K0858	\$692.62	\$6,926.20
K0859	\$648.28	\$6,482.80
K0860	\$973.41	\$9,734.10
K0861	\$557.01	\$5,570.10
K0861KF	\$602.17	\$6,021.70
K0862	\$692.62	\$6,926.20
K0863	\$973.41	\$9,734.10
K0864	\$1,158.33	\$11,583.30

\* monthly rental fee for first 3 months; fee reduced by 25% for months 4-13